

## Message Text

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ACTION H-03

INFO OCT-01 NEA-07 ISO-00 SS-07 NSC-06 AID-01 /025 W

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R 290710Z FEB 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5805

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEL AVIV

C O N F I D E N T I A L SECTION 1 OF 3 TEHRAN 2065

E.O. 11652: GDS

TAGS: OREP (STEVENSON, ADLAIE E.), TECH, PFOR, ENRG, IR

SUBJECT: CODEL STEVENSON

REF: STATE 047215

1. SUMMARY. CODEL STEVENSON HAD A BRIEF BUT EVENTFUL STOPOVER IN IRAN, FEBRUARY 18-23, 1976, DURING WHICH THE SENATOR HAD USEFUL DISCUSSIONS WITH IRANIAN OFFICIALS IN THE FIELDS OF NUCLEAR ENERGY, THE WORLD STRATEGIC OUTLOOK, MEANS OF BRINGING THE ARABS AND ISRAELIS TO THE CONFERENCE TABLE AT GENEVA, AND PETROLEUM PRICING AND ITS RELATIONSHIP TO THE ECONOMIC HEALTH OF THE WORLD. THE SHAH IMPRESSED UPON SENATOR STEVENSON HIS CONVICTION THAT THE US MUST NOT ABROGATE ITS LEADERSHIP OF THE FREE WORLD. HE SEEMED WILLING TO CONSIDER TAKING A MORE ACTIVE ROLE IN BRINGING ABOUT A SOLUTION TO THE ARAB-ISRAELI PROBLEM AND ONCE AGAIN DISCLAIMED ANY INTENTION TO DEVELOP NUCLEAR WEAPONS. IN A SEPARATE MEETING, THE PRESIDENT OF THE ATOMIC ENERGY ORGANIZATION ELABORATED ON IRAN'S NUCLEAR POWER PROGRAM AND ATTEMPTED TO EXPLAIN WHY NO KNOWLEDGEABLE PERSON COULD CONCLUDE IT WAS DESIGNED FOR WEAPONS DEVELOPMENT. HE ALSO DEFENDED IRAN'S DESIRE TO HAVE AN UNFETTERED RIGHT TO REPROCESS SPENT NUCLEAR FUEL, WHICH IS THE MAJOR POINT AT ISSUE IN THE US/IRAN AGREEMENT ON ATOMIC ENERGY. THE IRANIAN FOREIGN  
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MINISTER DESCRIBED THE DIFFICULTIES HE SAW IN THE GOI ENTERING

MORE ACTIVELY INTO THE SEARCH FOR A SOLUTION TO THE ARAB-ISRAELI PROBLEM BUT AGREED TO TAKE IT UNDER CONSIDERATION. IRAN'S OPEC REPRESENTATIVE SOUGHT TO EXPLAIN OPEC'S PRICE INCREASES IN TERMS OF THE GENERAL WELFARE OF MANKING AND TO BELITTLE ANY CAUSAL RELATIONSHIP BETWEEN THESE AND WORLD INFLATION. SENATOR STEVENSON EXPLAINED THAT RISES IN THE COST OF CRUDE OIL COULD NOT HELP BUT HAVE CUMULATIVE EFFECTS UPON THE COSTS OF WHAT THE MANUFACTURING NATIONS PRODUCED. THE DISCUSSIONS REVEALED DIFFERENCES ON SOME ISSUES BUT ALSO AN OVERALL CONCURRENCE OF THE INTERESTS OF IRAN AND THE UNITED STATES. END SUMMARY.

2. SENATOR ADLAI E. STEVENSON AND HIS STAFF AIDE, MR. WILLIAM BUELL, VISITED IRAN DURING THE PERIOD FEBRUARY 18-23, 1976. THEIR ORIGINAL STOPOVER OF THREE DAYS WAS EXTENDED BY ONE ADDITIONAL DAY OWING TO AIRLINE SCHEDULING DIFFICULTIES. THIS ALLOWED THE SENATOR TO VISIT SHIRAZ AND PERSEPOLIS ON THE 22ND IN ADDITION TO ESFAHAN ON THE 20TH, WHICH WAS THE MUSLIM SABBATH. THE FIRST WORKING DAY OF THE VISIT, FEB.19, WAS DEVOTED LARGELY TO GENERAL MISSION AND PETROLEUM BRIEFINGS IN THE EMBASSY BUT ALSO INCLUDED A LUNCHEON AT THE AMBASSADOR'S RESIDENCE. THE IRANIAN GUESTS WERE MR. HASSAN ALI MEHRAN, GOVERNOR OF THE CENTRAL BANK, DR. AKBAR ETEMAD, PRESIDENT OF THE ATOMIC ENERGY ORGANIZATION, AND DR. JAFAR NADIM, UNDER-SECRETARY FOR INTERNATIONAL AFFAIRS IN THE FOREIGN MINISTRY. ON FEB. 21ST THE SENATOR HAD A HEAVY SCHEDULE OF APPOINTMENTS: 0845--DR. AKBAR ETEMAD AT THE ATOMIC ENERGY ORGANIZATION;1200 NOON--AUDIENCE WITH THE SHAH; 1630--DR. ABBAS-ALI KHALATBARY, MINISTER OF FOREIGN AFFAIRS; AND 1730--DR. JAMSHID AMOUZEGAR, MINISTER OF THE INTERIOR AND IRANIAN REPRESENTATIVE TO OPEC. THE AMBASSADOR ACCOMPANIED THE SENATOR DURING THE AUDIENCE AT THE PALACE, AND THE MINISTER-COUNSELOR ATTENDED THE MEETINGS AT THE FOREIGN MINISTRY AND THE MINISTRY OF THE INTERIOR. IN THE EVENING OF FEB. 21, DURING AN INFORMAL DINNER AT THE RESIDENCE OF EMBASSY OFFICERS DAVID AND SUE PATTERSON, THE SENATOR AND HIS AIDE HAD AN OPPORTUNITY TO EXCHANGE VIEWS QUITE OFF THE RECORD WITH SEVERAL KNOWLEDGEABLE YOUNG IRANIANS. THESE WERE MR. BAHRAM CHUBIN OF NIOC AND DR. FEREYDOON FESHARAKI AND DR. SHAHRAM CHUBIN OF THE INSTITUTE FOR INTERNATIONAL POLITICAL AND ECONOMIC STUDIES. JUST BEFORE HIS DEPARTURE ON THE MORNING

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OF FEBRUARY 23, THE SENATOR AND AMBASSADOR EXCHANGED IMPRESSIONS OF THEIR AUDIENCE WITH THE SHAH. THE SUBSTANTIVE RECORD OF SENATOR STEVENSON'S CALLS WHICH FOLLOWS WAS NOT REPEAT NOT CLEARED WITH THE SENATOR OR HIS AIDE PRIOR TO THEIR DEPARTURE FROM TEHRAN.

3. SENATOR STEVENSON MET WITH DR. AKBAR ETEMAD, PRESIDENT OF THE ATOMIC ENERGY ORGANIZATION OF IRAN (AEOI), FOR ALMOST AN

HOUR IN THE MORNING OF FEB.21. A FRIENDLY ATMOSPHERE OF FRANK EXCHANGE WAS ESTABLISHED QUICKLY. THE SENATOR LED OFF BY ASKING WHY IRAN HAD EMBARKED ON SUCH AN AMBITIOUS NUCLEAR POWER PROGRAM WHEN IT HAD IMMENSE QUANTITIES OF FOSSIL FUELS, PARTICULARLY NATURAL GAS. DR. ETEMAD EXPLAINED THAT (1) IRAN'S PETROLEUM EXPORTS WILL DWINDLE IN ABOUT 15 YEARS, (2) MUCH OF THE GAS WILL BE NEEDED IN THE OIL FIELDS FOR SECONDARY RECOVERY, (3) BOTH OIL AND GAS ARE ULTIMATELY MORE VALUABLE AS RAW MATERIALS THAN AS FUEL, (4) IT WILL TAKE IRAN 20 YEARS TO GET INTO NUCLEAR TECHNOLOGY, AND (5) IN THE CULTURAL ENVIRONMENT OF IRAN THE SHAH HIMSELF BELIEVES THAT A HIGH VISIBILITY NUCLEAR PROGRAM WITH TOP PRIORITY MUST BE MOBILIZED IF COMPETING DEMANDS ARE NOT TO SIPHON OFF THE NECESSARY MONEY AND MANPOWER. HE WENT ON TO SAY THAT IRAN HAS GOOD GEOLOGIC INDICATIONS OF URANIUM ORE, BUT TWO YEARS WILL BE NEEDED TO CHECK THEM OUT. THE AEOI IS BUYING NATURAL URANIUM FROM SOUTH AFRICA, A FACT THE GOI IS TREATING AS CONFIDENTIAL, BUT IRAN HAS NOT SERIOUSLY CONSIDERED INVESTING IN THE SOUTH AFRICAN URANIUM ENRICHMENT PLANT. IRAN WILL OBTAIN MOST OF ITS URANIUM ENRICHMENT FROM EURODIF AND WILL GET THE REST WHEREVER IT CAN FIND IT. THE GOI SEES NO ALTERNATIVE TO FISSION FOR MUCH OF ITS POWER NEEDS IN THE NEAR TERM FUTURE.

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ACTION H-03

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4. DR. ETEMAD SAID HE WAS WELL AWARE OF THE MOOD OF CONGRESS ON THE USE AND EXPORT OF NUCLEAR TECHNOLOGY, AND HE WANTED TO

KNOW WHY THE US WAS SO ANXIOUS ABOUT THE IRANIAN PROGRAM. HE SAID THE US MIGHT BE MAKING THE MISTAKE OF INCLUDING IRAN IN ITS GENERAL PERCEPTION OF THE MIDDLE EAST AS AN UNSTABLE AREA INTO WHICH IT WOULD BE DANGEROUS TO INTRODUCE NUCLEAR TECHNOLOGY WITHOUT SPECIAL SAFEGUARDS, BUT IRAN HAS ADHERED TO NPT, ACCEPTED IAEA SAFEGUARDS, AND OPTED FOR A TYPE OF NUCLEAR POWER PROGRAM CLEARLY DESIGNED FOR PEACEFUL RATHER THAN WARLIKE USE. SENATOR STEVENSON REPLIED THAT OUR CONCERN OVER THE EXPORT OF NUCLEAR TECHNOLOGY WAS WORLDWIDE. IN ADDITION, IRAN IS SITUATED IN A REGION OF INSTABILITY, AND IT HAS ONE OF THE WORLD'S LARGEST NUCLEAR DEVELOPMENT PROGRAMS. THIS COMBINED WITH A LARGE PROGRAM OF CONVENTIONAL ARMAMENT MAKES US UNEASY. DR. ETEMAD SAID HE COULD UNDERSTAND OUR CONCERN, BUT A CLOSE ANALYSIS OF THE IRANIAN NUCLEAR POWER PROGRAM BY TECHNICIANS WOULD REVEAL IT WAS PURELY PEACEFUL IN NATURE. IN THE FIRST PLACE, IRAN'S NUCLEAR POWER PROGRAM AROSE OUT OF THE WORLD ENERGY CRISIS AND IS CHRONOLOGICALLY LINKED WITH IT. SECONDLY, IRAN CHOSE TO GO FOR LWR TECHNOLOGY, WHICH IS NOT THE BEST WAY TO OBTAIN SUPPLIES OF PLUTONIUM CLANDESTINELY. THIRDLY, IT HAS ORDERED ONLY REACTORS OF LARGE SIZE, WHICH NEED CONTINUOUS OPERATION TO RATIONALIZE THEIR GREAT COST. THEY ARE THEREFORE NOT VERY SUITABLE FOR PLUTONIUM RECOVERY. FINALLY, THE GOI  
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HAS NO DESIRE TO ERECT A URANIUM ENRICHMENT PLANT IN IRAN. WITH REGARD TO REPROCESSING, THE AEOI HAS NO PLANS AT PRESENT. WHEN ITS NUCLEAR POWER PLANTS HAVE BEEN OPERATING FOR SOME YEARS IT WOULD PROBABLY SEND SPENT FUEL ABROAD FOR REPROCESSING. EVENTUALLY IT WOULD PROBABLY WANT TO REPROCESS INTERNALLY.

5. SENATOR STEVENSON THEN INQUIRED ABOUT THE TROUBLES WITH THE US/IRAN NUCLEAR AGREEMENT. DR. ETEMAD REPLIED THAT THE PRINCIPAL ITEM OF DISAGREEMENT CONCERNED US INSISTENCE THAT REPROCESSING OF ANY US-SUPPLIED FUEL MUST BE CARRIED OUT EITHER IN A REGIONAL OR A MULTINATIONAL PLANT. THIS DID NOT SUIT IRAN, WHOSE NEIGHBORS ARE NOT PRACTICAL PARTNERS IN SUCH A VENTURE. IRAN VIEWS THIS RESTRICTED RIGHT TO REPROCESS US SUPPLIED FUEL AS A LACK OF CONFIDENCE IN IRAN. THE SENATOR INTERJECTED THAT THIS WAS OUR WORLDWIDE POLICY, BUT DR. ETEMAD CONTINUED THAT IRAN DID NOT WANT ITS HANDS TIED ON REPROCESSING. OTHER SUPPLIERS, HE SAID, DEMAND, AT MOST, BILATERAL PARTICIPATION IN REPROCESSING, AND THE AEOI BELIEVES THIS IS FEASIBLE. MORE THAN TWO IN THE PICTURE IS NOT PRACTICAL. FREEDOM TO REPROCESS IS VITAL FOR IRAN IN ORDER TO REDUCE THE VOLUME OF NUCLEAR POWER PLANT WASTES, WHICH WILL BE SIZEABLE ONCE IRAN'S PROGRAM GETS GOING, AND TO MAXIMIZE THE ECONOMY OF PLANT OPERATION. OTHER PROBLEMS IN THE AGREEMENT MENTIONED BY DR. ETEMAD WERE PHYSICAL PROTECTION OF THE PLANTS(WHICH HE FEELS STRONGLY MUST BE ESTABLISHED UNDER INTERNATIONAL RATHER THAN BILATERAL GUIDELINES) AND THE US REQUIREMENT THAT IRAN FOREGO

THE RIGHT TO GO TOWARD PEACEFUL NUCLEAR EXPLOSIONS.

6. THE SHAH AND SENATOR STEVENSON HAD A FREE EXCHANGE OF VIEWS DURING AN HOUR-LONG AUDIENCE AT NOON ON FEB.21. THE SHAH DISCUSSED CURRENT MANIFESTATIONS OF SOVIET IMPERIALISM, INCLUDING ANGOLA AND THE HORN OF AFRICA. HE REITERATED HIS WELL-KNOWN VIEW THAT THE US MAY NOT ABROGATE ITS LEADERSHIP OF THE FREE WORLD, SINCE NO OTHER COUNTRY IS IN A POSITION TO ASSUME THE BURDEN. HE STATED THAT IF THE US WITHDRAWS FROM THE WORLD IN A KIND OF ISOLATIONISM, IT WILL BE FACED WITH INCREASING NUMBERS OF QUOTE VIET NAMS UNQUOTE AND MAY WELL LOSE AFRICA AND ASIA. HE ASKED RHETORICALLY HOW THE US COULD CONDUCT ITS COMMERCIAL AFFAIRS IF IT BECAME FORTRESS AMERICA.

7. SENATOR STEVENSON DESCRIBED HIS CONVERSATION WITH PLO  
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LEADER ARAFAT, WHICH GAVE RISE TO AN EXCHANGE OF VIEWS ABOUT THE ARAB-ISRAEL PROBLEM, THE SEARCH FOR INITIATIVES IN THE MIDDLE EAST, AND THE POSSIBLE ROLE OF IRAN AS A COUNTRY WHICH MIGHT HELP TO PRESSURE ISRAEL TO ABIDE BY UN RESOLUTIONS 242 AND 338.

8. THE SHAH AND SENATOR BRIEFLY DISCUSSED THE QUOTE GOLD PLATING UNQUOTE IN CONNECTION WITH WEAPONS SYSTEMS WHICH IRAN IS PURCHASING FROM THE US.

9. THE SHAH AND SENATOR ALSO EXCHANGED VIEWS ON ENERGY. IN THE COURSE OF THIS THE SHAH PRESENTED HIS REASONS FOR DESIRING NUCLEAR POWER PLANTS. HE DECLARED EMPHATICALLY THAT HE HAD NO REPEAT NO INTEREST IN DEVELOPING A NUCLEAR WEAPONS CAPABILITY, AND PRESENTED COGENT REASONS FOR FORESWEARING THIS OPTION. IN DISCUSSING THE PURCHASE OF NUCLEAR POWER PLANTS, THE SHAH REMARKED THAT THE USSR HAD RECENTLY SHOWN INTEREST IN SELLING THEM TO IRAN. AT THE PRESENT TIME RUSSIA IS NOT ADVANCED ENOUGH TO MAKE A CONCRETE OFFER, BUT THE SHAH THOUGHT IT WOULD BE ABLE TO MAKE A SPECIFIC PROPOSITION IN DUE COURSE. THE SHAH ALSO STATED THAT IRAN IS SHOPPING FOR URANIUM WHEREVER IT CAN FIND IT. SENATOR STEVENSON REMARKED ON IRAN'S VAST RESERVES OF NATURAL GAS AND ASKED WHY THESE WERE NOT BEING USED AS A SUBSTITUTE FOR NUCLEAR ENERGY. THE SHAH GAVE HIS STANDARD REPLY THAT HE WANTS TO USE GAS HE DOES NOT EXPORT FOR CONVERSION INTO PETROCHEMICALS.

10. SENATOR STEVENSON'S APPOINTMENT WITH DR. ABBAS-ALI KHALATBARY AT 1630 ON FEB. 21 LASTED ABOUT FIFTY MINUTES AND WAS PRIMARILY FOCUSED ON THE ARAB-ISRAELI PROBLEM. SENATOR STEVENSON EXPRESSED US CONCERN OVER INSTABILITY IN THE MIDDLE EAST. THE STEP-BY-STEP NEGOTIATING PROCEDURE HAD PLAYED OUT, AND FAILURE TO FIND A SOLUTION TO BHE ARAB-ISRAELI PROBLEM WAS

LEADING TO RADICALIZATION ON BOTH SIDES AND AN INCREASE IN SOVIET INFLUENCE IN THE AREA. THE SENATOR MENTIONED THAT HE HAD EARLIER IN THE DAY SPOKEN TO THE SHAH ABOUT HIS MEETING WITH PLO LEADER ARAFAT AND THAT ARAFAT HAD INDICATED A WILLINGNESS TO GO TO GENEVA WITH ASSAD OF SYRIA ON ONE CONDITION, THAT ISRAEL DISENGAGE A FEW KILOMETERS IN GAZA AND THE WEST BANK, THE AREA SO VACATED TO BE OCCUPIED TEMPORARILY

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BY A UN PEACEKEEPING FORCE. THE SENATOR ASKED IF SUCH AN INITIATIVE WOULD BE SUPPORTED BY IRAN AND WHETHER THE GOI WOULD BE WILLING TO HELP THE US PERSUADE ISRAEL TO ACCEPT IT AS A MEANS OF GETTING NEGOTIATIONS MOVING AGAIN. DR. DHALATBARY REPLIED THAT IN THE IRANIAN VIEW THE SITUATION WAS COMPLICATED BY UNCERTAINTY OVER WHETHER ARAFAT DID IN FACT SPEAK FOR A MAJORITY OF THE PALESTINIANS. RECENT DEVELOPMENTS IN THE REGION SEEMED TO PUT ARAFAT'S LEADERSHIP IN QUESTION. SENATOR STEVENSON' IMPRESSION WAS THAT ARAFAT WAS NOW RIDING HIGH. DR. DHALATBARY SAID IF THE PROBLEM IN THE MIDDLE EAST WERE PURELY ONE BETWEEN ARAB COUNTRIES, IRAN WOULD HAVE NO HESITATION IN ATTEMPTING TO BRING THEM TOGETHER, BUT WITH REGARD TO THE ARAB-ISRAELI DISPUTE IRAN IS NOT ACCEPTED AS AN APPROPRIATE INTERMEDIARY BY EITHER SIDE. THE ISRAELIS DISTRUST THE IRANIANS AS MUSLIMS, WHEREAS THE ARABS LOOK ASKANCE AT IRAN BECAUSE IT HAS RELATIONS WITH ISRAEL. SENATOR STEVENSON THEN SAID THAT HE WAS NOT SUGGESTING THAT IRAN PLAY A ROLE AS MEDIATOR BUT RATHER THAT THE GOI MIGHT CONSIDER ATTEMPTING TO

PERSUADE ISRAEL TO GO TO GENEVA AFTER MAKING THIS ONE CONCESSION TO ARAFAT. ARAFAT WANTS TO GO TO GENEVA BUT HE MUST GET SOMETHING FOR THE PALESTINIAN PEOPLE BEFORE HE CAN DO SO. COULD IRAN QUIETLY SOUND OUT THE PRINCIPALS AND OTHERS CLOSELY INVOLVED TO SEE WHETHER THE ARAFAT PROPOSAL WAS ACCEPTABLE?  
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DR. DHALATBARY DID NOT SEE THAT THERE WOULD BE ANY HARM IN TRYING, BUT THE GOI WOULD HAVE TO CONSIDER A COORDINATED DIPLOMATIC OFFENSIVE.

11. SENATOR STEVENSON ASKED WHY IRAN WAS SPENDING SO MUCH ON ARMS. DR. DHALATBARY REPLIED THAT IRAN WAS NOT CONCERNED WITH A DIRECT SOVIET THREAT AT THIS TIME BUT THAT THE RUSSIANS WERE INVOLVED IN ENCOURAGING THE AFGHANS TO PRESS FOR AN INDEPENDENT BALUCHISTAN AT THE EXPENSE OF IRAN AND PAKISTAN. HE ADDED THAT RELATIONS WITH IRAQ HAD IMPROVED GREATLY WITH SETTLEMENT OF THE SHATT-AL-ARAB BOUNDARY, BUT IT STILL HAD TO BE RATIFIED BY THE IRANIAN MAJLES AND BY THE REVOLUTIONARY COUNCIL OF IRAQ.

12. A LIVELY GIVE AND TAKE ON PETROLEUM-RELATED MATTERS LASTING OVER AN HOUR CHARACTERIZED SENATOR STEVENSON MEETING WITH MINISTER OF THE INTERIOR DR. JAMSHID AMOUZEGAR AT 1730 ON FEB.21. IN RESPONSE TO THE SENATOR'S OPENING QUESTION ON PLANNED USE OF IRAN'S VAST RESERVES OF NATURAL GAS, DR. AMOUZEGAR EXPLAINED THAT ALTHOUGH THERE WERE ENTHUSIASTS FOR EXPORTING IT, HE PERSONALLY FELT THAT IT SHOULD NOT BE ALLOWED TO COMPETE WITH IRAN'S PETROLEUM ABROAD. EXPORT BY SEA OF NATURAL GAS WAS NOT A VERY ECONOMIC PROPOSITION. IT WAS NEEDED DOMESTICALLY FOR SECONDARY RECOVERY IN THE OIL FIELDS, FOR HEATING, AND MOST IMPORTANT, AS A RAW MATERIAL FOR FERTILIZER TO INCREASE FOOD PRODUCTION IN ASIA FOR THE FUTURE.

13. ON THE SUBJECT OF NEGOTIATIONS NOW UNDERWAY BETWEEN THE NIOC AND THE CONSORTIUM, DR. AMOUZEGAR CHARACTERIZED THE OIL COMPANIES' POSITION AS WANTING THEIR CAKE AND EATING IT TOO. IT IS THE IRANIAN VIEW THAT THE OIL COMPANIES MUST INDEED LIFT FOR THE TWELVE MONTHS AFTER OCTOBER EACH YEAR THE AMOUNT THEY AGREE TO AT THAT TIME. IF THE PRICE OF IRANIAN HEAVY CRUDE IS TOO HIGH, WHY CANNOT THE COMPANIES TAKE LIGHT CRUDE? SUPPLIES WERE AVAILABLE. ALSO, UNDER THE EXISTING AGREEMENT THE COMPANIES ARE OBLIGED TO PUT UP 40 PERCENT OF THE DEVELOPMENT CAPITAL, BUT THEY WANT TO DEFAULT ON THIS. THE GOI WANTS THE COMPANIES TO LIVE UP TO THEIR COMMITMENTS UNDER THE EXISTING AGREEMENT. IF THEY WANT TO CHANGE, THERE WILL HAVE TO BE A NEW AGREEMENT. THE GOI BELIEVES THE OIL COMPANIES AND THE CONSUMING COUNTRIES MUST CONSULT AND DECIDE TO BUY OIL FROM THOSE PRODUCER COUNTRIES WHICH TRULY NEED THE REVENUES FOR THEIR DEVELOPMENT PROGRAMS.  
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WITH EXCESS REVENUES, COUNTRIES LIKE SAUDI ARABIA AND THE UAE BECOME TARGETS FOR RADICAL GROUPS.

14. WITH REGARD TO PETROLEUM PRICING, DR. AMOUZEGAR EXPOUNDED AT SOME LENGTH ON THE IRANIAN POSITION THAT SINCE PETROLEUM RESERVES ARE BEING DEPLETED RAPIDLY, PRICES MUST BE SET HIGH ENOUGH TO ENCOURAGE THE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES WHILE THE SUPPLY REMAINS. OTHERWISE, IN DUE COURSE QUOTE THE COMMUNISTS WILL WALK OVER THE WORLD UNQUOTE. DR. AMOUZEGAR ALLUDED TO THE SPACESHIP EARTH CONCEPT OF THE SENATOR'S LATE FATHER TO SUPPORT HIS CLAIM THAT OPEC POLICIES WERE FOR THE GOOD OF ALL MANKIND. SOME EQUALIZATION OF THE WORLD'S WEALTH WAS NECESSARY, IN CONNECTION WITH WHICH HE QUOTED THESE STATISTICS: IRAN HAS 1.2 HOSPITAL BEDS PER THOUSAND OF POPULATION WHEREAS THE US HAS 10. THE STANDARD SET BY THE UN IS FIVE. SENATOR STEVENSON REJOINED THAT HE DID NOT DISAGREE WITH DR. AMOUZEGAR'S THEORY, ONLY WITH HIS IMPLEMENTATION. THE OIL-CONSUMING NATIONS NEED TIME TO DIGEST PRICE INCREASES. OPEC PRICES ARE ADMINISTERED PRICES, AND ALTHOUGH OPEC MAY CLAIM ITS INCREASES HAVE HAD LITTLE EFFECT UPON INFLATION IN THE WEST, OUR ANALYSES INDICATE THAT THROUGH THE RIPPLE EFFECT, INCREASES IN THE PRICE OF OIL ARE CUMULATIVE AND, THOUGH DIFFICULT TO QUANTIFY, HAVE BEEN A PRINCIPAL INGREDIENT IN INFLATION. DR. AMOUZEGAR EXPRESSED THE HOPE THAT THE CONSUMER-PRODUCER CONFERENCE WOULD HELP IN RESOLVING DISCREPANCIES IN FACTS AND FIGURES, BUT HE WAS CONVINCED THAT PETROLEUM PRICES LESS THAN THOSE PRESENTLY SET BY OPEC WERE UNJUSTIFIED. HE WENT ON TO ASSERT THAT THERE COULD BE NO JUSTIFICATION FOR THE GREAT INCREASES IN THE COST OF MANUFACTURED GOODS FROM THE WEST AND ASKED WHY DESTROYERS, FOR EXAMPLE, SHOULD COST SUDDENLY 80 PERCENT MORE. SENATOR STEVENSON REPLIED THAT WE BOTH SUFFER FROM THESE INFLATIONARY EXPECTATIONS OF INDUSTRY. DR. AMOUZEGAR STATED THAT ALL THE OPEC COUNTRIES WERE SUFFERING FROM A CARTEL IMPOSED BY THE INDUSTRIALIZED COUNTRIES. THE DEVELOPING COUNTRIES ALSO HAVE THE FEELING THAT THEY ARE THE OBJECTS OF RACIAL AND RELIGIOUS PREJUDICES, THAT THE WEST DOES NOT WANT EQUALIZATION AND WANTS TO GET MORE OUT OF THEM IN TRADE THAN IT PUTS BACK. SENATOR STEVENSON CONCLUDED BY SAYING THAT THE GREAT ASSETS OF THE US ARE CAPITAL, TECHNOLOGY, AND FOOD. WE MUST CONSIDER MORE CAREFULLY IN THE FUTURE HOW WE INTEND TO COMMIT THEM.

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## Message Attributes

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